

Message Text

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70

ACTION EUR-12

INFO OCT-01 ISO-00 SSC-01 CIAE-00 DODE-00 PM-03 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 COME-00 EB-07 LAB-04 SIL-01 CPR-01 FEA-01

FRB-03 OMB-01 SAM-01 TRSE-00 /078 W

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P R 111916Z JUN 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC PRIORITY 1881

INFO AMEMBASSY BONN

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AMEMBASSY COPENHAGEN

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E.O. 11652: N/A

TAGS: PINT, PGOV,UK

SUBJECT: WILSON MOVES BENN IN MODEST CABINET SHUFFLE

SUMMARY - PRIME MINISTER WILSON ANNOUNCED THE FOLLOWING
CABINET CHANGES JUNE 10: INDUSTRY SECRETARY BENN AND
ENERGY SECRETARY VARLEY TO EXCHANGE JOBS; EDUCATION SEC-
RETARY PRENTICE NAMED MINISTER OF OVERSEAS DEVELOPMENT,
BUT REMAINS IN CABINET AND TRANSPORTATION MINISTER

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MULLEY MOVES UP TO CABINET AS NEW EDUCATION SECRETARY.

TWO POSTS ARE STILL VACANT. NONE OF THESE CHANGES APPEARS TO FORESHADOW ANY MAJOR SHIFT IN POLICY, THOUGH THE BENN SWITCH WAS DESIGNED, IN PART, TO RESTORE CONFIDENCE IN THE INDUSTRIAL SECTOR. NORTH SEA OIL INDUSTRY IS LIKELY TO BE DISTURBED, HOWEVER, EVEN THOUGH IT IS STILL TOO EARLY TO JUDGE FULL IMPACT BENN WILL HAVE IN THE ENERGY FIELD. END SUMMARY.

1. PRIME MINISTER WILSON'S LONG-AWAITED CABINET CHANGES WERE ANNOUNCED LATE JUNE 10, AND PROVED ONCE AGAIN THAT WHEN WILSON SHUFFLES THE CABINET CARDS, HE'S PLAYING A GAME OF SOLITAIRE. HIS MOST SIGNIFICANT CHANGE WAS TO SWITCH INDUSTRY SECRETARY TONY BENN AND ENERGY SECRETARY ERIC VARLEY. VARLEY IS A WILSON PROTEGE WHO OPPOSED HIS POLITICAL MENTOR ON THE EC ISSUE AND HAS CREDIBLE LEFT-WING CREDENTIALS. EDUCATION SECRETARY REG PRENTICE, WHOSE PENCHANT FOR SPEAKING BLUNT TRUTHS IN PUBLIC HAS MADE HIM SOMETHING OF A DARLING OF THE LABOR RIGHT-WING, WAS DEMOTED TO THE OVERSEAS DEVELOPMENT MINISTRY, REPLACING JUDITH HART WHO REFUSED APPOINTMENT AS TRANSPORTATION MINISTER. PRENTICE, HOWEVER, WILL RETAIN A SEAT IN THE CABINET. TRANSPORTATION MINISTER FRED MULLEY WAS NAMED TO REPLACE PRENTICE. GREGOR MACKENZIE WAS PROMOTED FROM PARLIAMENTARY UNDERSECRETARY OF STATE FOR INDUSTRY TO MINISTER OF STATE OF INDUSTRY, FILLING THE VACANCY CREATED BY THE EARLIER REMOVAL OF ERIC HEFFER. APPOINTMENTS TO THE POSITIONS VACATED BY MULLEY AND MACKENZIE HAVE NOT YET BEEN ANNOUNCED.

2. IN ANNOUNCING CHANGES, WILSON STRESSED BENN HAD BEEN ASKED TO CONCENTRATE HIS ENERGIES ON SPEEDING UP THE LANDING OF NORTH SEA OIL AND THAT HAROLD LEVER AND EDMUND DELL WILL CONTINUE TO HAVE FULL RESPONSIBILITY FOR NEGOTIATING STATE PARTICIPATION ARRANGEMENTS. WILSON ALSO POINTED OUT THAT HE WILL PERSONALLY DIRECT CONSULTATIONS WITH THE CBI AND TUC REGARDING THE INDUSTRY BILL NOW BEFORE PARLIAMENT, AND NOTED THE GOVERNMENT REMAINS COMMITTED TO CARRYING OUT THE REGENERATION OF BRITISH INDUSTRY PROMISED IN THE PARTY MANIFESTO AND WHITE PAPER.

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3. REACTION TO ANNOUNCED CABINET CHANGES HAS THUS FAR BEEN MUTED. ALTHOUGH JUNE 11 PRESS REPORTS DISCONTENT IN LABOR PARTY LEFT-WING, WE ARE INCLINED TO BELIEVE THESE REPORTS ARE EXAGGERATED. MOST REALISTIC NOTE SEEMS TO HAVE BEEN STRUCK BY TUC LEADER JACK JONES WHO TOLD PRESS HE PERCEIVED NO SUGGESTION OF VICTIMIZATION, AND NOTED THAT BENN REMAINED IN CABINET AND THAT ENERGY POST IS OF VERY GREAT IMPORTANCE. MOST OIL INDUSTRY OFFICIALS

WERE TOO STUNNED TO COMMENT PUBLICLY BUT WITH CHARACTERISTIC APLOMB BP CHAIRMAN SIR ERIC DRAKE MANAGED TO SAY THERE WAS "NO REASON TO SUPPOSE BENN WILL NOT MAKE A WONDERFUL ENERGY MINISTER". THE MOST AMUSING COMMENT, HOWEVER, CAME FROM TORY BACKBENCHER PETER WALKER WHO OBSERVED THAT FOR THE FIRST TIME IN HISTORY TROUBLED WATER IS BEING POURED ON OIL.

4. COMMENT: WHILE BENN'S REMOVAL FROM INDUSTRY WAS WIDELY EXPECTED, THE SWITCH WITH VARLEY CAME AS A SURPRISE. ALSO SURPRISING WAS WILSON'S FAILURE TO SHIFT CHIEF WHIP BOB MELLISH WHO HAS MADE NO SECRET OF HIS DE-

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TO SECSTATE WASHDC PRIORITY 1882

INFO AMEMBASSY BONN

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SIRE TO LEAVE HIS PRESENT JOB. MEDIA REPORT THAT MELLISH WAS OFFERED ANOTHER (UNKNOWN) POST, BUT DECIDED TO STAY ON AS WHIP. AS SEVERAL GOVERNMENT POSITIONS REMAIN TO BE FILLED, FURTHER ANNOUNCEMENTS ARE EXPECTED SHORTLY, THOUGH IT SEEMS UNLIKELY THERE WILL BE FURTHER CHANGES IN CABINET. THE ADDITION OF MULLEY TO THE CABINET AND THE RETENTION OF PRENTICE BRINGS THE CABINET TOTAL TO 24, TWO LIMITED OFFICIAL USE

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MORE THAN THE BUDGETARY LIMIT. ACCORDING TO PRESS, LEVER WILL NOW SERVE AS UNPAID CABINET MEMBER, SHARING THAT DISTINCTION WITH PLANNING MINISTER JOHN SILKIN.

5. IT IS PREMATURE TO ASSESS FULLY THE IMPLICATIONS OF THE BENN/VARLEY SWITCH. CLEARLY BENN'S REMOVAL FROM THE INDUSTRY POST WAS DESIGNED TO REASSURE THE PRIVATE SECTOR, TO ENSURE THE INDUSTRY DEPARTMENT IS FULLY RESPONSIVE TO THE GOVERNMENT, AND TO REASSERT WILSON'S POLITICAL SUPREMACY. VARLEY, A LOYAL AND ABLE WILSONIAN, WOULD APPEAR TO BE AN EXCELLENT CHOICE. THE DILEMMA OF WHAT TO DO WITH BENN, HOWEVER, WAS MORE DIFFICULT. HE HAD TO BE BROUGHT TO HEEL, TO BE GIVEN A JOB OF IMPORTANCE TO AVOID MARTYRDOM AND FURTHER ALIENATION OF THE LABOR LEFT AND, PREFERABLY, MADE TO CARRY OUT POLICIES WHICH WOULD NOT INCREASE HIS STANDING ON THE LEFT OR AS A POSSIBLE SUCCESSOR TO WILSON. THE ENERGY POST WOULD SEEM TO FILL THOSE REQUIREMENTS, THOUGH IT CAN HARDLY BE REASSURING TO THE OIL INDUSTRY. AT THIS POINT, BENN'S NEAR TERM CAPACITY FOR SERIOUS MISCHIEF IS NOT COMPLETELY CIRCUMSCRIBED -- THE OIL TAXATION ISSUE IS RESOLVED AND THE PARTICIPATION MATTER IS IN LEVER'S HANDS BUT HE MAY STILL BE ABLE TO INFLUENCE PARLIAMENTARY CONSIDERATION OF THE PETROLEUM BILL. MORE IMPORTANT, HE WILL BE RESPONSIBLE FOR DAY-TO-DAY DECISIONS ON MATTERS SUCH AS THE OPERATION OF THE BRITISH NATIONAL OIL COMPANY, MINISTERIAL APPROVAL OF OIL FIELD DEVELOPMENT PROGRAMS, DEPLETION POLICY, ETC. THE ULTIMATE TEST WILL BE HOW HE AND HIS ACTIONS ARE PERCEIVED BY THE OIL INDUSTRY, AND HIS RECENT TRACK RECORD IS NOT REASSURING IN THIS REGARD.

6. THE REMOVAL OF JUDITH HART WAS ALSO SOMETHING OF A SURPRISE, AND IN THIS CASE WE UNDERSTAND WILSON WAS RESPONDING TO PRESSURES FROM EC GOVERNMENTS. THEY REPOR-

TEDLY FELT HER OPPOSITION TO CONTINUED BRITISH MEMBERSHIP
SMACKED OF BAD FAITH AFTER HER ROLE IN RENEGOTIATING
THE EC'S TRADE/AID POSTURE TOWARD DEVELOPING COUNTRIES.

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